
From: "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>
To: "'Jack Habib (E-mail)'" <jhabib@kwplaw.com>, "Daly, James"
<James_Daly@nstaronline.com>
Copies to: "Gundal, Frank" <Frank_Gundal@nstaronline.com>
Subject: Concern over NSTAR Green
Date sent: Mon, 24 Nov 2003 13:00:13 -0500

All:

Please keep the source of these documents Confidential, but the exchange is very interesting to note, as are the recipients lists.

Gary Cunningham
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way
Westwood, MA 02090
Ph: 781-441-8059
Fx: 781-441-8066

00051

From: Anna Giovinetto <AGiovinetto@evomarkets.com>
To: "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>
Subject: FW: NSTAR green
Date sent: Mon, 24 Nov 2003 11:59:47 -0500

-----Original Message-----

From: Robert C. Grace [mailto:bgrace@seadvantage.com]
Sent: Saturday, November 22, 2003 9:40 AM
To: Brian F. Keane; Jonathan Edwards; Janice M. McClanaghan; Nancy Selman; Jeff Keeler; Bob Maddox; Chris Greenwell; Patricia Stanton; Francis H. Cummings; Steven Weisman; Karlynn Cory; Deborah A. Donovan; Megan Amsler; Anna Giovinetto; Rob Sargent; Deborah A. Donovan; dsosland@env-ne.org; Detra Stoddard; Carrie Cullen Hitt; Bruce McLeish; Gabe Petlin
Subject: FW: NSTAR green

FYI, the procedural notice for the NSTAR Green filing before the MA DTE has been issued. Please take note. There are many aspects of this filing that I expect the addressees will find disturbing.

Regards,

Bob Grace

Sustainable Energy Advantage, LLC
4 Lodge Lane
Natick, MA 01760
(508) 653-6737 fax: (508) 653-6443
<mailto:bgrace@seadvantage.com>

-----Original Message-----

From: Perlmutter, Barry (DPU) [mailto:Barry.Perlmutter@state.ma.us]
Sent: Friday, November 21, 2003 5:31 PM
To: bgrace@seadvantage.com
Subject: RE: NSTAR green

Hi Bob,

Attached is the Department's notice in this proceeding.

-----Original Message-----

From: Robert C. Grace [mailto:bgrace@seadvantage.com]
Sent: Friday, November 21, 2003 10:02 AM
To: Barry Perlmutter

00052

Subject: NSTAR green

Barry - do you know yet what the procedural schedule is for the DTE on the NSTAR Green filing? I'd appreciate any info you can share.

Also, how can I get on the service list for any notices?

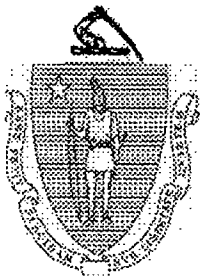
Thanks.

Regards,

Bob Grace

Sustainable Energy Advantage, LLC
4 Lodge Lane
Natick, MA 01760
(508) 653-6737 fax: (508)653-6443
<mailto:bgrace@seadvantage.com>

Please make sure you are familiar with the NSTAR Information Systems
Acceptable Use Policy.



The Commonwealth of Massachusetts
DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY

November 20, 2003

D.T.E. 03-100

Petition of Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric, pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.00 et seq., for approval by the Department of Telecommunications and Energy of a new renewable power supply offering.

On October 16, 2003, Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric ("NSTAR" or the "Companies"), pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.00 et seq., filed for approval by the Department of Telecommunications and Energy ("Department") a renewable power supply pro-forma tariff for NSTAR residential, small commercial and small industrial customers, the NSTAR Green Power Adjustment ("NSTAR Green"). The Companies state that NSTAR Green will allow customers to purchase an incremental 25 percent of a customer's total kilowatthour ("KWH") usage from a new renewable power source, as defined in the Massachusetts Renewable Portfolio Standards. 225 C.M.R. §§ 14.00 et seq. NSTAR proposes to solicit bids from wholesale suppliers to provide certificates from new renewable sources. The Companies propose to price NSTAR Green by adding a per KWH adjustment for the NSTAR Green service on the customer's underlying rate for standard offer or default generation service. If the Department approves NSTAR's power supply proposal, NSTAR Electric will file NSTAR Green tariffs with price references for the actual rates for this service, for approval by the Department.

The Department will conduct a public hearing to receive comments on the Companies' filing at 2:00 p.m. on **Thursday, December 11, 2003**, at the Department's offices - One South Station, Boston, Massachusetts, 02110. Following the public hearing, the Department will conduct a procedural conference.

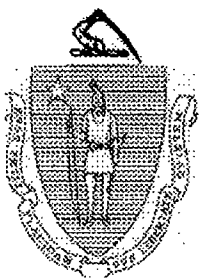
Any person who wishes to submit written comments may do so by filing an original and five (5) copies of such comments with: Mary L. Cottrell, Secretary, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110, no later than the close of business **Thursday, December 18, 2003**.

Any person seeking to intervene in this investigation must file an original and five (5) copies of a written petition for leave to intervene or to participate in this proceeding no later than the close of business (5:00 p.m.) **Thursday, December 4, 2003** with Mary L. Cottrell, Secretary, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110.

A petition to intervene must satisfy the timing and substantive requirements of 220 C.M.R. § 1.03. Receipt by the Department -- not mailing -- constitutes filing and determines whether a petition is timely filed. A late-filed petition may be disallowed as untimely, unless good cause is shown for waiver. To be allowed, a petition under 220 C.M.R. § 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10.

All written pleadings or comments must also be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dte.efiling@state.ma.us, and william.stevens@state.ma.us, or (2) on a 3.5" floppy diskette, IBM-compatible format. The text of the e-mail or the diskette label must specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or company submitting the filing; and (4) a brief descriptive title or document (e.g., comments or petition to intervene). The electronic filing should also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses should be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a ".doc" suffix). Data or spreadsheet responses should be compatible with Microsoft Excel. Documents submitted in electronic format will be posted on the Department's Website, <http://www.mass.gov/dpu>.

A copy of the Companies' filing is on file at the Department's offices, One South Station, Boston, Massachusetts 02110 for public view during business hours. Copies of the filing are also on file for public view at NSTAR, 800 Boylston Street, 17th floor Boston, Massachusetts 02199. Any person desiring further information regarding the Company's filing should contact Robert Werlin, Esq., at (617) 951-1400. Any person desiring further information regarding this notice should contact William H. Stevens, Jr., Hearing Officer, Department of Telecommunications and Energy, at (617) 305-3620.



The Commonwealth of Massachusetts
DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY

D.T.E. 03-100

November 20, 2003

ORDER OF NOTICE

Petition of Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric, pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.00 et seq., for approval by the Department of Telecommunications and Energy of a new renewable power supply offering.

The Companies, Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric shall, no later than fourteen (14) days prior to December 11, 2003, give notice of said hearing by publication hereof in the Boston Globe or the Boston Herald. NSTAR Electric shall also serve a copy of the notice on the Chairmen, Board of Selectmen, Mayors, Town Clerks and City Clerks of the towns and cities in the Companies' service area, post a copy of the notice in each town or city hall in the Companies' service area until the comment period has expired, provide actual notice to any person who has filed a request for notice with the Companies, and provide a copy of this notice to the signatories to the joint memorandum submitted in Massachusetts Electric Company, D.T.E. 03-55 (2003), and the distribution list in Procurement of Default Service, D.T.E. 02-40-B (2003). The Companies shall make return of service and proof of publication at the time of the public hearing.

By Order of the Department,

MARY L. COTTRELL, SECRETARY

From: Anna Giovinetto <AGiovinetto@evomarkets.com>
To: "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>
Subject: FW #2: NSTAR green
Date sent: Mon, 24 Nov 2003 12:11:58 -0500

-----Original Message-----

From: Janice McClanaghan [<mailto:JaniceM@gw.doa.state.ri.us>]
Sent: Monday, November 24, 2003 11:35 AM
To: bruce.mcleish@constellation.com; carrie.cullenhitt@constellation.com; Pat.Stanton@csgroup.com; nselman@eeventures.com; dsosland@env-ne.org; Anna Giovinetto; chris.greenwell@greenmountain.com; cory@masstech.org; cummings@masstech.org; weisman@masstech.org; jeff.keeler@newwindenergy.com; rsargent@pirg.org; meganams@reliance.org; dstoddard@resolv.org; gpetlin@resource-solutions.org; bgrace@seadvantage.com; bkeane@smartpower.org; jedwards@smartpower.org; bmaddox@sterlingplanet.com; ddonovan@ucsusa.org

Subject: RE: NSTAR green

I have asked Bob Grace to draft a letter for the fund to consider reflecting our concern.

>>> "Jeff Keeler" <jeff.keeler@newwindenergy.com> 11/24/03 11:17AM >>>

Message: Will there be any effort to get together as a group and discuss a strategy for comments, advocacy, etc.? Wasn't DOER going to get people together on this issue?

Jeff Keeler
Community Energy, Inc.
Office: 203.245.0757
Mobile: 203.464.1541
e-mail: jeff.keeler@newwindenergy.com
www.communityenergy.biz

-----Original Message-----

From: Robert C. Grace [<mailto:bgrace@seadvantage.com>]
Sent: Saturday, November 22, 2003 9:40 AM
To: Brian F. Keane; Jonathan Edwards; Janice M. McClanaghan; Nancy Selman; Jeff Keeler; Bob Maddox; Chris Greenwell; Patricia Stanton; Francis H. Cummings; Steven Weisman; Karlynn Cory; Deborah A. Donovan; Megan Amsler; Anna Giovinetto; Rob Sargent; Deborah A. Donovan; dsosland@env-ne.org; Detra Stoddard; Carrie Cullen Hitt; Bruce McLeish; Gabe Petlin
Subject: FW: NSTAR green

FYI, the procedural notice for the NSTAR Green filing before the MA DTE has been issued. Please take note. There are many aspects of this filing that I expect the addressees will find disturbing.

Regards,

Bob Grace

Sustainable Energy Advantage, LLC
4 Lodge Lane
Natick, MA 01760
(508) 653-6737 fax: (508) 653-6443
<mailto:bgrace@seadvantage.com>

-----Original Message-----

From: Perlmutter, Barry (DPU) [<mailto:Barry.Permutter@state.ma.us>]
Sent: Friday, November 21, 2003 5:31 PM

00057

To: bgrace@seadvantage.com
Subject: RE: NSTAR green

Hi Bob,

Attached is the Department's notice in this proceeding.

-----Original Message-----

From: Robert C. Grace [mailto:bgrace@seadvantage.com]
Sent: Friday, November 21, 2003 10:02 AM
To: Barry Perlmutter
Subject: NSTAR green

Barry - do you know yet what the procedural schedule is for the DTE on the NSTAR Green filing? I'd appreciate any info you can share.

Also, how can I get on the service list for any notices?

Thanks.

Regards,

Bob Grace

Sustainable Energy Advantage, LLC
4 Lodge Lane
Natick, MA 01760
(508) 653-6737 fax: (508) 653-6443
<mailto:bgrace@seadvantage.com>

Please make sure you are familiar with the NSTAR Information Systems Acceptable Use Policy.

00058

From: "Gundal, Frank" <Frank_Gundal@nstaronline.com>
To: "Anglely, Ellen" <Ellen_Anglely@nstaronline.com>, "Barsamian, Peter" <Peter_Barsamian@nstaronline.com>, "Chiara, Stephen" <Stephen_Chiara@nstaronline.com>, "Conner, Penelope" <Penelope_Conner@nstaronline.com>, "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>, "Daly, James" <James_Daly@nstaronline.com>, "Lyford, Richard" <Richard_Lyford@nstaronline.com>, "Martin, Robert" <Robert_Martin@nstaronline.com>, "Milton, John" <John_Milton@nstaronline.com>, "Razzaboni, James" <James_Razzaboni@nstaronline.com>, "Reed, Mark" <Mark_Reed@nstaronline.com>, "Thompson, George" <George_Thompson@nstaronline.com>
Subject: FW: Report
Date sent: Fri, 25 Jul 2003 09:14:55 -0500

Just in time for weekend reading!

Frank

-----Original Message-----

From: Lisa Brown [mailto:lbrownma@comcast.net]
Sent: Friday, July 25, 2003 9:37 AM
To: 'Gundal, Frank'
Subject: Report

Frank:

Attached is my focus group report. As I mentioned on the phone, I wrote a full report rather than a topline, in order to provide a full analysis of the research. I hope that it's helpful. (Since it was my choice to do so, I will only charge what was on my estimate. We can talk about what you'd like on the commercial customer project, if that gets approved.)

Please review and call me with any questions or comments and let me know if you'd like me to attend the Green Power meeting next Thurs (7/31).

Thank you for the business. I really enjoyed working with you and the others at NSTAR on this project and hope we get to work together on future research projects.

Regards,

Lisa

Lisa C. Brown
Brown Marketing Research
21 Tubwreck Drive
Medfield, MA 02052
phone: (508) 359-1069
fax: (508) 359-1065
email: lbrownma@attbi.com

Please make sure you are familiar with the NSTAR Information Systems Acceptable Use Policy.

00059

Qualitative Research Findings

Customer Reactions to Green Power Option

July 22, 2003

Prepared For:



By:



BROWN MARKETING RESEARCH
.....

21 Tubwreck Drive Medfield, MA 02052
Phone: 508-359-1069 Fax: 508-359-1065
email: lbrownma@attbi.com

00000

BACKGROUND/PURPOSE:

The purpose of the research was to better understand reactions to the concept of "green power" among NSTAR Electric's residential customers. Specifically, the research aimed to determine their awareness, understanding and perceptions of green power, and most importantly, their interest in a potential green power option to be offered by NSTAR Electric. In addition, the research sought to learn if customers would be willing to pay a premium for green power and how best the proposed green power option should be structured and marketed to NSTAR's customers.

METHODOLOGY:

On July 22, 2003, two focus groups were conducted, with each group lasting 2 hours. The groups consisted of 9 and 10 participants, respectively, for a total of 19 respondents. The research was conducted at Focus on Boston in Waltham, Massachusetts. Respondents were each paid \$65. The focus groups were conducted by Lisa Brown of Brown Marketing Research.

Participants were recruited by telephone by the facility to fit the demographic profile of NSTAR Electric's residential customers: an even mix of men and women, ages 25-54. All respondents had to be responsible for paying the electricity bill and making decisions regarding their household's electric service. Respondents were recruited from a mix of communities served by NSTAR Electric in towns surrounding the Waltham facility. Finally, respondents were screened according to their energy efficiency and recycling habits in order to provide a representative sample in terms of their general environmental awareness.

A summary of the key findings of the research is presented in this document. For further detail, please refer to the videotapes of the sessions and respondents' written handouts.

Qualitative Research Note: While focus group methodology is an excellent technique for exploration, by definition, it does not yield statistically projectable data. Qualitative research, because of the limited number of participants and the geographic restrictions imposed by the proximity to the research facility, is intended to provide insights that are directional in nature.

KEY FINDINGS:

After analyzing the results of this research, the major findings are summarized below. Differences between the groups are noted, as they exist. It should be noted that, while both groups were recruited to have a mix of education and income levels; the second group appeared to be a somewhat more “educated” group, that is, in terms of their specific knowledge of green power sources. Interestingly, this resulted in a desire for “*more information*” and a need for more in-depth communication of the specifics of the program among some respondents.

Given the broad scope of NSTAR’s residential customers, in terms of education, income levels, etc., it was helpful to have the different perspectives on the concept offered by the two groups. In marketing the green power option, NSTAR will be faced with customers who are either relatively informed or uninformed about green power. Ultimately, the differences between the two groups served to provide a more balanced representation of the marketplace.

GENERAL DISCUSSION OF GREEN POWER

Understanding & Perceptions of Green Power

At first, there were only a few respondents in each group who could easily define the term “green power” on an unaided basis. (Some examples given include: “*environmentally friendly...conscious of its effects on the environment*”; “*environmentally sound*”). Not surprisingly, the most commonly cited sources of green power were solar and wind energy.

When the term “green power” was defined, however, reactions were very positive among both groups, with most reporting a “*very favorable*” impression. Specifically, after reading the definition, respondents were then able to play back key benefits of green power, namely:

“not harmful to environment, so not harmful to us...or future generations”

“renewable, so we won’t run out”

“make our country less dependent on [foreign] oil”

Similarly, all participants were in favor of increasing the use of green power, when asked. It appears that respondents are at least somewhat familiar with the concept of green power when reminded of its benefits. That is, green power as a concept is not a difficult “sell”, but one that may require some explanation when it is introduced. Clearly, there is a need to educate NSTAR customers about the benefits of green power when introducing the program.

Awareness/Perceptions of Various Sources of Green Power

(Note: Given local availability of various green power sources, this discussion focused on the following four sources of green power: wind, solar, plant/biomass and landfill gas.) As mentioned, there was much stronger unaided recognition of solar and wind than the other two sources of green power. Even when prompted (when asked if they had heard of a specific source), all respondents in each group said they had heard of wind and solar, while far fewer were previously aware of biomass and landfill gas.

Specifically, in the first group, only 2 of 9 had heard of biomass and landfill gas, while in the second group 5 of 10 reported awareness of the these two sources. (As mentioned, respondents in the second group were generally more knowledgeable about this topic than the first group.)

Interestingly, in terms of their preferences among these four green power sources, there were much stronger opinions in the second group than in the first. In the first group, 4 of 9 respondents reported that they had “*no preference*” between the sources (“*so long as it’s green*”). However, in the second group, all 10 participants were able to rank the four sources according to their preference.

Overall, most respondents who reported a preference ranked wind and solar in their “top two”. Importantly, the familiarity of wind and solar energy (and relative unfamiliarity with landfill gas and biomass) appeared to make respondents prefer the relatively better known sources of green power. Particularly, for some respondents in the second group, their frequent need for “*more information*” left them more hesitant to embrace these “new” sources of green power. Reactions to biomass, especially, were more negative in the second group, as discussed on page 6.

In their rankings, 11 participants listed wind and 10 listed solar in their “top two” choices, among the 15 who reported any preference. (Between these two sources, there was a slight preference for solar in the first group, among the five who had a preference. In the second group, there was a very slight preference for wind, with solar a very close second.)

Preferences for wind and solar were followed by landfill gas, with 6 (of 15) respondents choosing it in their “top two”. Biomass was a distant fourth, with only 3 of 15 naming it in their “top two” choices. More importantly, biomass was named as the last choice for 10 of the 15 respondents who reported a preference. (Perceived advantages and disadvantages for each source are discussed below.)

In examining the favorability ratings assigned to each of the four sources of green power presented, similar findings appear. Wind and solar were considered “*very favorable*” by 12 of 19 participants overall (6 of 9 respondents in the first group and by 6 of 10 respondents in the second group). In addition, most of the remaining participants viewed these sources as “*somewhat favorable*”.

Key advantages cited for wind energy included its low impact on the environment, availability in this area and that it is renewable. (“*it’s clean*”, “*it works well where there is a constant wind*”, “*it won’t dry up...we’ll always have it*”). Some potential disadvantages of wind energy mentioned included the visual aesthetics of multiple windmills on a larger scale, the space required to site windmills and, as it was described by one respondent, the “*not in my backyard*” factor. (One respondent raised the Cape Wind project in this context.)

As mentioned, overall reactions to solar energy were equally positive, primarily due to its renewable nature and due to familiarity with this energy source at the consumer level (“*you see homes now with solar panels*”). Perceived disadvantages included the limited availability or reliability in this area (“*it would be better in New Mexico*”) and an impression among some that it would be a costly alternative.

Interestingly, reactions to landfill gas were quite positive in the first group (with 7 of 9 saying “*very favorable*” and the other 2 saying “*somewhat favorable*”). While still favorable in their overall impression of landfill gas, the second group viewed landfill gas slightly less favorably than those in the first group. (Specifically, they were split 5 and 5 between “*very favorable*” and “*somewhat favorable*” in their ratings.)

Respondents liked the idea that the gas is already and continuously available (“*the gas is there anyway, so why not use it?*”) and that the source required no new space (“*the ground is useless as it is anyway...it’s a landfill, you’re not taking up any valuable land*”).

Perceived disadvantages (particularly in the second group) focused on the questions of cost and availability (“*just how much can you get?*”). Again, this second group wanted “*more information*”. Given the overall positive reactions when exposed to the concept of landfill gas, however, it appears that there is an opportunity to educate customers about its benefits.

Finally, reactions to biomass were somewhat mixed between the two groups. Most participants in the first group viewed it favorably (4 “*very*” and 4 “*somewhat*”). However, reactions in the second group were somewhat more negative than in the first group. In the second group, 6 viewed biomass favorably (3 “*very*” and 3 “*somewhat*”), but 4 viewed it unfavorably (2 “*somewhat*” and 2 “*very*”). Those respondents who were favorably disposed to biomass liked that a positive outcome resulted from a perceived negative (“*instead of the waste just piling up, some good can come out of it*”).

Those with a more negative view questioned the cleanliness of burning waste (“*Is it more pollution?*” ... “*It’s dirtier than natural gas*” ... “*There are toxic side effects....carbon dioxide released in the atmosphere*”). In the second group, one respondent was also particularly concerned that the burning of newspapers would be a “*bogus*” example of biomass energy.

Whereas solar and wind power appear to be more widely accepted as “clean” alternatives, biomass appears to suggest “more pollution”. Clearly, there will need to be some education of biomass as a clean option for it to be an accepted form of green power for some customers.

REACTIONS TO NSTAR'S GREEN POWER OPTION

Initial Reactions to Concept

The focus group respondents were first exposed to a written concept of NSTAR's green power option, without any mention of prices. Reactions were positive, with virtually all (18 of 19) reporting that they would be at least "*somewhat interested*" in participating in such a program (6 "*very*" and 12 "*somewhat*").

Interestingly, the level of interest was strongest in the second group, where 5 of 10 said they were "*very interested*" and 4 of 10 reported that they were "*somewhat interested*". The first group was slightly more reserved in their interest, with 8 of 9 reporting that they were "*somewhat interested*" and only 1 saying she was "*very interested*".

While participants viewed the environmental benefits positively, there were some questions raised about the cost and, particularly in the first group, about the perceived reliability of electric service generated from green power sources. Again, respondents asked for "*more information*" to better understand this option. In its marketing communications, NSTAR will need more than a passing reference to reassure some customers about the continued reliability of service with green power.

In the second group, in addition to asking what NSTAR's green power option would cost, some also wanted to know if they could choose the mix of energy sources. This desire for control over the mix among some respondents in the second group is not surprising given the strong preferences of solar and wind over biomass in this group, as discussed previously. (The issue of choosing the mix is discussed in further detail on page 11.)

Finally, a few participants also asked for verification of their green power purchases ("*how would I know what I was getting?*"). (Later in the discussion, when discussing whether or not customers would choose the mix, respondents were told that they would receive a label every quarter detailing the percentage of energy from various sources. This idea was favorably received.)

00066

Willingness to Pay for Green Power

Unaided Responses

Next, respondents were asked on an unaided basis (i.e., without any specific pricing) how many would be willing to pay a premium for green power. Approximately half in each group said that they would be willing to do so (which mirrors the MTC's research on this question). Among those willing to pay a premium, most were comfortable in the 10-15% range, with a couple in the second group willing to pay from 40% to even double their current electric bill.

Reactions to Specific Pricing Options

Respondents were then exposed to three pricing options, based on either 25%, 50% or 100% green power. The incremental monthly costs, based on a monthly average bill of \$72, were explained to be as follows:

- 25% Green Power: \$5.88
- 50% Green Power: \$11.75
- 100% Green Power: \$23.50

Overall, the interest in participating was greater at the lower price points. Specifically, at the 25% level, most participants (14 of the 18 who responded) said they would be either "very" (8) or "somewhat interested" (6) in participating. Respondents explained that they would feel like they were "*doing something, at least*" for relatively "*not much more*". Reactions to this price point were similarly positive between both groups.

Interestingly, respondents the second group were more interested in participating at the higher price points than were participants in the first group. However, the second group still preferred the lowest price point overall.

At the 50% price point (\$11.75), interest decreased somewhat, with 12 of the 18 who responded saying that they would be either "very" (4) or "somewhat interested" (8) in participating. As mentioned, there was more interest in this price point in the second group

(8 of 10 either “very” or “*somewhat interested*”) versus the first group, where only 4 (of the 8 who responded) expressed any interest at this price point.

At the highest price point (100% green power for an average additional cost of \$23.50), there was only limited interest, with only 6 of the 18 who responded expressing any interest in this price point. In the first group, there was virtually no interest at this price point, with only 1 of the 8 who responded reporting any interest. The second group expressed more interest in this option, with 5 of 10 willing to consider this price point (2 “*very interested*” and 3 “*somewhat interested*”). Interestingly, one respondent suggested that the 100% green power option might be more acceptable in more affluent communities, where the \$23.50 additional monthly cost might not be considered prohibitive.

Next, participants were asked to rank their choices, if NSTAR could only offer one or two pricing options. Overall, most chose the 25% option as their “*first choice*” and the 50% option as their “*second choice*”. A few others in the second group suggested “*the extremes*” (25% and 50%): As they explained, “*There are some people who will throw \$6 at it and those who are really committed.*”

Finally, respondents were asked how interested they would be in participating if NSTAR would only offer one option. At the 25% level, most (14 of 19) said they would be interested in participating (12 “*very*” and 2 “*somewhat*”).

If possible, it is recommended that all three options be offered to customers when the green power option is introduced. The idea of “choice” or “options” was one that was favorably received. However, if only one or two options can be offered, the 25% and 50% levels (in that order) appeared to generate the broadest interest.

Reactions to Pricing Structure (fixed percentage vs. fixed dollar amount)

Next, in terms of the pricing structure, respondents were given two options: either a fixed percentage (where the dollar amount would vary according to their usage) or a fixed dollar amount (where the percentage of green power would vary). Interestingly, the first group appeared more flexible in this regard, with most saying they had no strong preference. Meanwhile, the second group strongly favored the fixed percentage, with 9 of 10 choosing this option.

Those who had a preference appeared to find the fixed percentage option “*easier to understand*”, and felt that they were “*doing [their] share*”, knowing that they were purchasing a set percentage each month. There also appeared to be an expectation that the dollar amount would not vary dramatically.

Based on this research, therefore, it would appear that the fixed percentage would be the preferred option. (Note: When introducing the program to customers, it may be helpful, however, to clearly explain that the exact dollar amount may change based on their monthly electric usage, so that there are no negative “surprises”).

Reactions to Tax Incentive

Next, participants were told of a potential federal tax deduction for their green power purchases and asked how that might impact their interest in participating in NSTAR’s program.

Based on this research, the tax deduction appears to be a potentially strong motivator: most respondents (16 of 19) stated that they would be more inclined (10 “*much more inclined*” and 6 “*somewhat more inclined*”) to participate in the program with such a tax deduction. (The few others said it would make “*no difference*”, with no one being “*less inclined*” to participate.)

Respondents reacted very positively to the tax incentive, including one man who was particularly enthusiastic (“*This is huge...that’s when I start talking to my neighbors and getting them to do it too.*”) Not surprisingly, respondents liked the idea that they could “*get some of the money back*” (“*every little bit helps*”).

Furthermore, some participants suggested that with the tax incentive perhaps more people would get involved in the program, which would make their own contribution more significant (“*so I’m not the only one doing it*”). Others also responded positively to the idea that if it was a federal deduction, perhaps other states could also be setting up similar programs.

00069

Ultimately, the tax deduction suggested to respondents that there would be more purchases of green power, which appeared to enhance their own interest in participating. (As one woman had questioned earlier: "*how do you get large amounts of people to convert?*") Therefore, it appears that the tax deduction is not only a financial incentive for that individual, but may help to enhance perceptions of green power as a viable alternative on a broader scale.

Based on these research findings, it is recommended that the tax deduction (MCEC program) be included in NSTAR's marketing its Green Power Option. It appears that, particularly as a federal tax deduction, this could be a considerable motivator to stimulate customer interest in green power purchases.

Relative Importance of Choosing the Mix of Green Power Sources

Respondents were given two options: either customers could choose the mix of green power (ex., dictating 90% solar and 10% wind energy) or NSTAR would create the most cost effective mix. As mentioned, there were considerable differences between the two groups in their degree of preference between green power sources (i.e., the first group tended to be more indifferent and the second group held very strong opinions on the various sources of green power).

Therefore, it was not surprising that results on this question were also mixed: the first group (those who did not have strong preferences) wanted NSTAR to create the mix, while the second group (who had strong preferences) wanted to dictate the mix themselves. While this may seem inconclusive, it is probably reflective of a varied customer base: there will be customers who are more educated and want to make their own choices and other customers who are rather uninvolved and are "*just happy so long as it's green*".

If possible, it is recommended to give customers the option to create the mix if they want to do so and, if not, to allow customers to opt for NSTAR creating the most cost effective mix. If this idea is not operationally feasible, then it is recommended that NSTAR simply offer customers the ability to choose the mix.

However, if this option is not deemed to be cost effective (i.e., if NSTAR would have to create the mix to make the program cost effective), then it is recommended to at least make sufficient information available (perhaps on the website) to satisfy those customers whose need for information makes them hesitant to embrace less familiar alternatives. In addition, by educating consumers (especially in the case of biomass), perhaps some of the potential negative perceptions can be alleviated. This may make some customers more accepting of the various choices and, therefore, more amenable to allowing NSTAR to create the mix.

Finally, it should be noted, that even if customers cannot choose the mix of sources, it should be helpful to at least communicate (ex. quarterly) the percentage of each source that they are purchasing. As mentioned, respondents do appear to want some form of verification of their green power purchases.

Relative Preference for NSTAR to Provide Green Power vs. Competitor

Participants were asked if they would prefer to choose green power from NSTAR, an independent provider or if they were indifferent. Interestingly, the first group was considerably more brand loyal, with 7 of 9 choosing NSTAR. Their responses reflected positive opinions about the company, as well as a certain amount of inertia in finding other alternatives:

[NSTAR]: *"They are the trusted leaders in the industry."*

"I don't have time for this [to pick another provider]...Leave it to the experts. It's their job, not mine."

"It's just easier...would my service be interrupted if I went elsewhere?"

Meanwhile, the second group were considerably less brand loyal, with almost all (9 of 10) saying they were "*indifferent*". When asked why they would not have a preference, some suggested that their electric service was not top of mind: *"I have no brand loyalty. It's fine service, but not something I think about."*

Another respondent in this group started complaining about past outages (in his town of Arlington), but when prompted, agreed that the service was *"better in the past year and a half"*. The group was asked if they were generally satisfied with their service, which they did

appear to be. Therefore, it does not appear to be dissatisfaction with NSTAR that caused the limited loyalty in this group, but rather more indifference or lack of involvement in their electric service.

(Interestingly, it should be noted that one woman mentioned “*your rate goes up if you leave NSTAR and come back*”. A few suggested after hearing the woman’s comment that they might be more inclined to stay with NSTAR for this reason.)

Finally, one might suggest that by introducing a green power program, it might make customers more positively disposed to NSTAR. As discussed further on page 16, the green power option did appear to enhance respondents’ impressions of NSTAR as a company.

Relative Importance of Knowing Exact Sources of Power

Respondents were asked how important it was for them to know exactly where the green power was being generated (ex. the exact location of the windmill, landfill, etc.). Overall, more respondents (12 of 19) said that they would like to know (7 found it “*very important*” and 5 found it “*somewhat important*”). One woman suggested that at least “*initially*” (when the program was introduced), it would be helpful to know where the power was coming from. This would also serve to legitimize that the power was coming from green sources (“*tell me what I’m getting*”).

Not surprisingly, those in the first group were more indifferent than those in the second group. Specifically, most of those in the first group (6 of 9) were less interested (5 found it “*somewhat unimportant*” and 1 “*not at all important*”). Meanwhile, among the information-seeking second group, virtually all (9 of 10) were interested in knowing the exact source (4 found it “*very important*” and 5 “*somewhat important*”).

However, it is important to note that, although many said that they would like to know, they do not appear to need to know. Respondents were asked if they did not know exactly where the green power was being generated, would they still participate in the program.

Interestingly, most (15 of 19) said they would still be interested in participating in the program without this information. (Specifically, 11 stated that they would still be “*very*

interested” and 4 said they would still be “*somewhat interested*”.) Therefore, even among the information-seekers, this degree of information does not appear to be absolutely necessary.

Next, respondents were probed about some specific potential sources of green power in this area (both current and proposed) to determine if they were aware of these sources and, if so, about their opinions of such sources. First, for the current examples, there was some awareness of the MWRA plant on Deer Island, with far more limited awareness of the windmill in Hull and virtually no awareness of the landfill in Chicopee.

In terms of their perceptions, respondents were either indifferent or positive. For example, some were pleased to hear that there was a “*positive outcome*” (in terms of green power produced) from the MWRA’s waste water plant.

In addition, respondents were asked about some proposed green power projects, namely the proposed windmills on Boston Harbor Islands and the Cape Wind project. First, no participants reported being previously aware of the Boston Harbor Islands project, but generally viewed it positively when it was mentioned briefly. In addition, participants were asked what their impression would be if NSTAR was associated with this project and the response was generally positive (“[It shows that] *they’re more green friendly*”).

In terms of the Cape Wind project, not surprisingly, there was more awareness of this project (with 11 of 19 previously aware). While some respondents appeared to be aware of the controversy surrounding this project, they did not appear to perceive the project negatively. (“*I need more information. I’ve only heard the negative.*”) When asked if they would be in favor of NSTAR purchasing green power from this source if it were to be built, most at least appeared to be open to the possibility.

Relative Importance of Third-Party Endorsements

Participants were asked how important (on a scale of 1-10) it would be for NSTAR’s Green Power Option to be endorsed by either an environmental advocate or the state government. The endorsement by an environmental advocate appeared to carry considerably more weight than that of a state agency or figure. Specifically, in examining their individual ratings on

00073

these questions, the overall mean rating on the environmental advocate was an 8.1, while for state government, it was only a 5.5.

Also, when asked how many respondents gave ratings in the "8-10" range, most (15 of 19) assigned such importance to the environmental advocate, with far fewer (only 4 of 19) considering a state government endorsement to be in this "8-10" range.

When asked why the environmental endorsement was so important, some suggested that this validated NSTAR's Green Power Program. As one participant explained, "*NSTAR is not in the business of saving the environment.*" Respondents looked favorably on the "*expert opinion*" to provide reassurance that the power they were buying would be, in fact, "green". In addition, another suggested that if NSTAR could not get an endorsement that it might make the program seem suspect: "*If you can't get one to back you, give it up.*"

In terms of specific environmental advocates, MassPIRG and Sierra Club carried far greater name recognition than Green Mountain Energy or Amory Lovins. Specifically, 16 (of 19 respondents) had heard of Sierra Club and 15 had heard of MassPIRG. On the contrary, only 4 had heard of Green Mountain Energy and no one had heard of Amory Lovins.

A few suggested that obtaining an environmental endorsement from MassPIRG might be difficult ("*they're more hard core*"). Therefore, getting such an endorsement might carry considerable weight ("*They're more radical, so if you can get them on your side...*") Some also liked the idea that MassPIRG was a local group, as opposed to a national organization, such as the Sierra Club.

In terms of the state government endorsement, some appeared rather skeptical of state government in general, which made any endorsement less meaningful to them ("*They'll do it if it looks like it'll get them votes*"). Clearly, the impact of an environmental advocate was more compelling to most respondents. Some other suggestions for third-party endorsements included the EPA, the State Attorney General's office ("*they're more consumer advocates*") or the TV media's own consumer advocates ("*Like if one of the consumer advocates on Channel 4, 5 or 7 said this was a good idea that would make me feel good*"). It appears there may be opportunity to promote NSTAR's Green Power Option via some public relations programs through the general media.

00074

Impact on Impressions of NSTAR as a Company

When asked what impact a Green Power Option would have on their attitude toward NSTAR as a company, respondents reacted rather positively. Overall, most participants (15 of 19) said it would improve their impression of NSTAR (6 “*greatly*” and 9 “*somewhat*”).

Interestingly, those in the second group (the more “opinionated” group) were particularly positive: 6 of 10 said it would “*greatly improve*” their impression and 3 of 10 said it would “*somewhat improve*”. (By comparison, in the first group, 6 of 9 said it “*somewhat improve*” their perception, while 3 said it would make “*no change*”.)

Importantly, the woman who had earlier suggested that she felt no specific loyalty to NSTAR, said she now felt more positive (“*As I said, I never thought twice about them as a company, but knowing this would actually make me think of them and think positively.*”) Others appeared to agree with her comment.

When asked what the Green Power Option told them about NSTAR as a company, participants suggested some very positive connotations, for example:

“*[They’re] a socially conscious corporation.*”

“*They care about the environment.*”

“*They’re doing their part.*”

“*Forward thinking.*”

“*Willing to listen to customers.*”

There were, of course, a few skeptics (“*they’re still bottom line oriented*”... “*It might be a noble objective, but with not such good implementation*”). However, for the most part the reaction toward NSTAR as a company was very positive. Therefore, the research suggests that there may be considerable opportunity to enhance NSTAR’s company image by means of a green power program. Again, this suggests broad communication of NSTAR’s program, not only through bill inserts, but also in the media, through advertising and public relations.

00075

SUMMARY/RECOMMENDATIONS:

Based on the findings of this research study, there appears to be considerable interest and appeal in a green power option. In order to maximize participation in an NSTAR program, it is recommended that customers be educated (or reminded) of the benefits of green power. In particular, certain green power sources (namely biomass and landfill gas) will require further explanation (vs. solar and wind, which are more widely accepted as "green" alternatives).

In terms of pricing, there at least needs to be a low level (ex. 25% or \$5.88) option to generate broad-based interest in the program. If multiple options can be offered, this may also increase participation, allowing those who are willing to commit more to green power that possibility. It appears that a fixed percentage pricing structure is more appealing than a fixed dollar structure. Finally, the tax incentive appears to be a strong motivator and should be included in NSTAR's marketing communications.

Since the relative importance of choosing the mix of green power sources differed according to the level of interest and knowledge about green power, it is suggested that customers be given an option to choose the mix if they want to do so or if not, allow them to opt for NSTAR creating the mix. If this idea is not possible, it is recommended that NSTAR make ample information to those who seek it (ex. on the website), to alleviate concerns with various sources and, therefore, perhaps make customers more amenable to allowing NSTAR to create the mix.

Respondents appeared either to prefer to buy their green power from NSTAR or were indifferent, but fortunately, did not appear to be seeking competitive alternatives. In fact, it appears that by introducing a Green Power Option, brand loyalty could be enhanced. The introduction of a Green Power Option did appear to improve impressions of NSTAR as a company among these participants.

While participants appeared to be interested in hearing exactly the source of green power (ex. where the windmill, landfill, etc. was located), this did not appear to be absolutely necessary. Most reported that they would still be interested in participating without this information.

00076

In terms of third-party endorsements, an environmental advocate's endorsement appears to be more compelling than that of state government. Of those environmental advocates mentioned, MassPIRG and the Sierra Club appear to have the broadest name recognition and potential influence.

Finally, there appears to be an opportunity for broad-based communication of NSTAR's Green Power Option, not only through bill inserts to existing customers, but also through advertising and public relations to a broader audience. It appears that the positive associations of green power can only serve to enhance NSTAR's public image.

Suggestion for Future Research

As NSTAR prepares its Green Power service for introduction, it may want to conduct research on marketing communications pieces (ex. bill inserts, advertising concepts, the website, etc.) before the actual launch. Qualitative research can be used to evaluate these marketing vehicles on important measures including:

- Message comprehension (Does it communicate clearly?)
- Relevance (How compelling is the message?)
- Persuasion (Will it stimulate trial of the new service?)

Such research can serve to maximize the effectiveness of NSTAR's marketing campaign and contribute to a successful launch of NSTAR's Green Power Option.

From: "Gundal, Frank" <Frank_Gundal@nstaronline.com>
To: "Angle, Ellen" <Ellen_Angle@nstaronline.com>, "Barsamian, Peter"
<Peter_Barsamian@nstaronline.com>, "Chiara, Stephen"
<Stephen_Chiara@nstaronline.com>, "Conner, Penelope"
<Penelope_Conner@nstaronline.com>, "Cunningham, Gary"
<Gary_Cunningham@nstaronline.com>, "Lyford, Richard"
<Richard_Lyford@nstaronline.com>, "Martin, Robert"
<Robert_Martin@nstaronline.com>, "Milton, John"
<John_Milton@nstaronline.com>, "Razzaboni, James"
<James_Razzaboni@nstaronline.com>, "Reed, Mark"
<Mark_Reed@nstaronline.com>, "Thompson, George"
<George_Thompson@nstaronline.com>
Subject: Focus Groups
Date sent: Wed, 23 Jul 2003 13:06:17 -0500

Folks,

The focus groups went well last night, we received quite a bit of valuable feedback. I have the video and audio tapes. I will be sending the video out to make an additional copy. Please let me know if you would like to view these.

As soon as the report is available I will circulate it in preparation for our meeting next Thursday.

Sincerely,
Frank Gundal
Sr. Engineer

NSTAR
One Nstar Way
Westwood, MA 02090
SUM-SW340
Ph 781-441-8151
Fax 781-441-3191

00078

From: "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>
To: "Daly, James" <James_Daly@nstaronline.com>, 'Jack Habib' <jhabib@kwplaw.com>, "Anglely, Ellen" <Ellen_Anglely@nstaronline.com>, "Martin, Robert" <Robert_Martin@nstaronline.com> <drosen@kwplaw.com> <drosen@kwplaw.com>, "Gundal, Frank" <Frank_Gundal@nstaronline.com>, "Barsamian, Peter" <Peter_Barsamian@nstaronline.com>
Copies to: "drosen@kwplaw.com" <drosen@kwplaw.com>, "Gundal, Frank" <Frank_Gundal@nstaronline.com>, "Barsamian, Peter" <Peter_Barsamian@nstaronline.com>
Subject: RE: Order approving MECO "GreenUp" Program
Date sent: Wed, 23 Jul 2003 06:33:05 -0500

All:

Regarding James' comment below: it is my understanding that the MECO program is fundamentally different from the program being developed for NSTAR in that NSTAR will continue to be the "Supplier" for our customers. Although we will likely be procuring the supply through an RFP for service, the customers will not be switching to "Competitive Supply" thus the Disclosure Label conversation is moot.

Coincidentally, there was a focus group session scheduled for yesterday (Tuesday the 22nd) evening, when the results come back I am sure the NSTAR program will be much more in focus.

Gary

-----Original Message-----

From: Daly, James
Sent: Tuesday, July 22, 2003 5:17 PM
To: 'Jack Habib'; Anglely, Ellen; Martin, Robert; Daly, James; Cunningham, Gary
Cc: drosen@kwplaw.com
Subject: RE: Order approving MECO "GreenUp" Program

I think the tactic of having the Program Supplier inform the customers of the Disclosure Label is interesting in that if it is not exactly accurate it is the supplier's responsibility. They say in this that the it will be the Supplier's portfolio mix that will be disclosed, however, the power supply will continue to come from MECO which has it's own resource mix. I guess it would be a blend of both but that's not what they are saying ????????????

-----Original Message-----

From: Jack Habib [mailto:jhabib@kwplaw.com]
Sent: Tuesday, July 22, 2003 3:59 PM
To: ellen_Anglely@nstaronline.com; robert_Martin@nstaronline.com; james_daly@nstaronline.com
Cc: drosen@kwplaw.com
Subject: Order approving MECO "GreenUp" Program

Ellen, Bob and James-

I don't know if you've seen this already, but I have attached for your review the Department's recent order approving Massachusetts Electric Company's "GreenUp" Service program. To the extent that NSTAR is developing a similar program, the order may prove helpful to the Company. Please let me or David know if you'd like additional information regarding the order or MECO's program.

Jack Habib
Keegan, Werlin & Pabian, LLP
21 Custom House Street
Boston, MA 02110
617-951-1400 (phone)
617-951-1354 (fax)
www.kwplaw.com

Please make sure you are familiar with the NSTAR Information Systems Acceptable Use Policy.

00079

From: "Daly, James" <James_Daly@nstaronline.com>
To: "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>
Subject: FW: Order approving MECo "GreenUp" Program
Date sent: Tue, 22 Jul 2003 16:18:05 -0500

-----Original Message-----

From: Jack Habib [<mailto:jhabib@kwplaw.com>]
Sent: Tuesday, July 22, 2003 3:59 PM
To: ellen_Angle@nstaronline.com; robert_Martin@nstaronline.com;
james_daly@nstaronline.com
Cc: drosen@kwplaw.com
Subject: Order approving MECo "GreenUp" Program

Ellen, Bob and James-

I don't know if you've seen this already, but I have attached for your review the Department's recent order approving Massachusetts Electric Company's "GreenUp" Service program. To the extent that NSTAR is developing a similar program, the order may prove helpful to the Company. Please let me or David know if you'd like additional information regarding the order or MECo's program.

Jack Habib
Keegan, Werlin & Pabian, LLP
21 Custom House Street
Boston, MA 02110
617-951-1400 (phone)
617-951-1354 (fax)
www.kwplaw.com

Please make sure you are familiar with the NSTAR Information Systems Acceptable Use Policy.

000000

Thomas G. Robinson, Esq.
Judy Y. Lee, Esq.
National Grid
25 Research Drive
Westborough, MA 01582-0099

July 14, 2003

Re: Massachusetts Electric Company, D.T.E. 03-55 (Terms and Conditions for
GreenUp Service, M.D.T.E. No. 1067-A)

Dear Attorneys Robinson and Lee:

I. INTRODUCTION

On May 9, 2003, pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.00 et seq., Massachusetts Electric Company ("MECo" or "Company") submitted to the Department of Telecommunications and Energy ("Department") a proposed Renewable Energy Upgrade Service ("REUSE") program. In support of its proposal, MECo filed: (1) a Filing Letter; (2) a Memorandum in Support of Filing of Submitting Parties ("Joint Memorandum");¹ (3) Terms and Conditions for Renewable Energy Upgrade Service, M.D.T.E. No. 1067; and (4) a REUSE Supplier Service Agreement. The Department docketed this filing as D.T.E. 03-55. On June 25, 2003, the Company submitted revisions to its initial filing which, among other things, changes the name of the proposed program to GreenUp Service. In support of its revised proposal, MECo filed: (1) a Filing Letter; (2) a revised tariff, Terms and Conditions for GreenUp Service, M.D.T.E. No. 1067-A ("Terms and Conditions"); and (3) a GreenUp

¹ The Joint Memorandum was signed by: MECo, Nantucket Electric Company, the Massachusetts Division of Energy Resources, the Massachusetts Technology Park Corporation d/b/a Massachusetts Technology Collaborative, Conservation Law Foundation, Associated Industries of Massachusetts, Center for Ecological Technology, Community Energy Inc., Conservation Services Group, Inc., Green Mountain Energy Company, Massachusetts Energy Consumers Alliance, and Sterling Planet, Inc.

Service Supplier Agreement.² MECo requests approval of its proposed tariff, M.D.T.E. No. 1067-A. In addition, pursuant to 220 C.M.R. § 11.08, MECo requests an exception from certain provisions of the Department's Information Disclosure Requirements contained in 220 C.M.R. § 11.06, in order to implement the GreenUp Service program as proposed.

On June 5, 2003, Community Energy, Inc. filed comments on the GreenUp Program. On June 20, 2003, the Department conducted a technical conference.

II. DESCRIPTION OF THE GREENUP PROGRAM

The GreenUp Service program ("GreenUp Program" or "Program") is intended to provide renewable energy product options to those residential and small commercial and industrial ("C&I") customers that receive standard offer or default service from the Company (Terms and Conditions at 2-3). Through participation in the Program, a customer will have the opportunity to purchase a "green" standard offer or default service product that includes a level of renewable resources that exceeds the level included in MECo's existing products (*id.*).³ MECo will continue to serve as the customer's standard offer or default service provider, and will continue to send electric bills to these customers (*id.* at 4). However, the customer will have the opportunity to select among Program suppliers that will, for an agreed-upon price above the existing standard offer or default service rates, purchase additional renewable resources on the customer's behalf (*id.* at 2-3). The Program will also provide residential and small C&I customers an opportunity to participate in a program offered by the Massachusetts Technology Park Corporation that would allow these customers to claim a "renewable energy" tax deduction on their federal tax forms (Joint Memorandum at 2).

MECo proposes to insert educational and marketing material regarding the GreenUp Program in its customers' electric bills (Filing Letter at 4). The bill inserts will describe the Program, identify the Program suppliers and the products being offered, and provide a customer reply card for those customers who wish to participate. The reply card will allow the customer to: (1) select a supplier (and product, if the supplier is offering multiple products);

² The Department, on its own motion, moves the documents included in MECo's May 9, 2003 and June 25, 2003 filings into the record of this proceeding.

³ The Massachusetts Renewable Portfolio Standards, promulgated by the Division of Energy Resources pursuant to M.G.L. c. 25A, § 11F, require that MECo's standard offer and default service resource portfolios (as well as the resource portfolios of competitive generation suppliers) include a minimum of one percent of new renewable resources during 2003, with annual increases of one-half of one percent for the years 2004 through 2009. See 225 C.M.R. §§ 14.00 *et seq.*

and (2) provide the information necessary to facilitate the customer "enrollment" transaction. Program suppliers must submit through the appropriate Electronic Business Transactions ("EBT") (id., Terms and Conditions at 6-7).⁴

Once a customer successfully enrolls with a GreenUp Program supplier, MECo will provide the supplier the same monthly consumption, billing, and payment information for the customer that MECo provides to competitive generation suppliers for their customers (id. at 4-5). A customer participating in the Program will continue to receive monthly bills from MECo, with the generation component of the bill containing two line items: (1) a standard offer or default service charge, which will be the same rate paid by non-participants, and (2) a GreenUp Program charge, based on the price of the product that the customer has selected (id. at 12). MECo will collect payments from customers participating in the Program and pass on the Program component of these payments to the customers' Program suppliers (id.). The Program suppliers are then obligated to purchase renewable resources in quantities sufficient to satisfy their product offerings (id. at 9-10).

MECo requires that GreenUp Program suppliers meet three criteria in order to participate in the program. First, they need to be licensed by the Department as an electricity broker, pursuant to 220 C.M.R. § 11.05 (id. at 5). Second, they need to complete testing of the EBTs, in accordance with the Department-approved EBT Working Group report (id.).⁵ Finally, Program suppliers must demonstrate that their product offerings are consistent with either (1) a "Fixed Block Option," in which a customer would purchase a pre-determined amount of renewable energy, expressed in kilowatt hours per month, or (2) a "Percentage of Energy Option," in which a customer would purchase an amount of renewable energy equal to a percentage of the customer's monthly electricity usage, with a minimum level of 25 percent (id. at 7).

The GreenUp Program includes a new protocol for the manner in which MECo would comply with the Department's Information Disclosure Requirements contained in 220 C.M.R. § 11.06 (Terms and Conditions App. A at 4-7; Joint Memorandum at 6). Currently, MECo prepares an information disclosure label to its standard offer and default service customers that includes the price, fuel source, emissions, and labor characteristics of the resource portfolio used by MECo in the provision of these services. 220 C.M.R. § 11.06(2). MECo's disclosure labels are updated and included in the electric bills of these customers on a quarterly

⁴ The EBT enrollment transaction to be used by GreenUp suppliers is the same transaction used by competitive suppliers to enroll customers.

⁵ This is necessary because GreenUp suppliers and MECo will exchange data using the EBTs, similar to the manner in which data is exchanged between MECo and competitive generation suppliers.

basis. MECO would continue to abide by these provisions for those standard offer and default service customers that do not participate in the GreenUp Program (Terms and Conditions at 11). However, for customers participating in the Program, MECo proposes a protocol that differs from the above provisions of 220 C.M.R. § 11.06 in two principal ways. In order to implement this new protocol, MECo requests an exception from certain provisions of 220 C.M.R. § 11.06, pursuant to 220 C.M.R. § 11.08 (Terms and Conditions App. A at 3-7).

First, for a customer participating in the GreenUp Program, the price, fuel source, emissions, and labor information included on the disclosure label would be based on the resource portfolio used by the customer's Program supplier in the provision of its product offering (*i.e.*, the label prepared for a Program participant receiving standard offer would differ from the label prepared for a non-participant receiving standard offer) (*id.* at 5).⁶ Second, Program suppliers, not MECo, would be responsible both for preparing and providing disclosure labels to their Program customers on a quarterly basis (*i.e.*, the labels sent to Program participants would not be included in their electric bills from MECo; instead the label would be included in mailings sent by Program suppliers) (*id.* at 1-7).

Finally, the GreenUp Program would use the New England Generation Information System ("NE-GIS"), to verify that Program suppliers have satisfied the renewable resource claims included in their product offerings (*id.* at 5). NE-GIS is a certificate-based system that is intended to provide competitive generation suppliers throughout New England with an efficient means of demonstrating compliance with a variety of state policies and regulations, such as information disclosure requirements and renewable portfolio standards. New England Generation Information System, D.T.E. 03-62, at 1-2 (2003). NE-GIS creates a certificate for every megawatt produced by each generating unit located in New England. The certificates issued to a generator lists all of the generator's non-price attributes required for reporting by the various New England states.⁷ For each quarter of the calendar year, NE-GIS provides for a two-month trading period during which suppliers serving retail load in New England can purchase certificates issued to generators during the quarter. GreenUp Program suppliers would be required to purchase renewable energy certificates through NE-GIS in quantities

⁶ The price listed on the disclosure label would be the bundled price of the Program supplier's product (*i.e.*, the sum of MECo's standard offer or default service rate and the supplier's price) (Terms and Conditions App. A at 5). Other Program supplier-specific information to be included on the label are (1) the terms and conditions of the supplier's contract with the customer, and (2) the toll-free number of the supplier (Terms and Conditions, App. A at 4-6).

⁷ For example, NE-GIS certificates include all of the fuel source, emissions, and labor information required by 220 C.M.R. § 11.06.

sufficient to satisfy their product offerings (Terms and Conditions at 9-10).⁸

B. Company and Stakeholder Positions

The Joint Memorandum states that the GreenUp Program is designed to (1) introduce new opportunities for standard offer and default service customers to support the growth of renewable energy resources, and (2) expand the number of retail suppliers offering renewable energy alternatives, thus facilitating “the development of the retail market for renewable energy” (Joint Memorandum at 4). In addition, MECo states the Program should facilitate the transition to an active competitive market for smaller customers because it will (1) introduce these customers to the concept and benefits of choice in the marketplace, and (2) help to eliminate the barriers to entry faced by competitive suppliers in the market for smaller customers by providing a “cost-effective platform” to access and market competitive services to these customers (id. at 5).

The Joint Memorandum states that, for the following reasons, the GreenUp Program is consistent with the Department’s requirement that a distribution company that seeks to provide a ‘green’ product to its default service and standard offer customers “clearly demonstrate that providing such a product is compatible with the development of competitive options for the customer classes to which the product would be available” (id. at 4-5). See Procurement of Default Service, D.T.E. 02-40-B at 46 (2003). First, the Program will be available only to residential and small C&I customers, the customer classes identified by the Department as under served by the competitive market (id. at 5-6). Second, customers participating in the Program may leave the Program at any time, thus allowing customers to realize “the benefits of choice in the marketplace without the danger of customers being locked into their choices for any length of time” (id. at 5). Third, Program suppliers will be subject to similar regulatory requirements associated with licensing, information disclosure, and electronic data transfer as are competitive suppliers (id. at 5).

With respect to the exceptions requested from certain provision of 220 C.M.R. § 11.06, the Company argues that allowing GreenUp Program suppliers to prepare and issue the environmental disclosure label directly to their retail customers: (1) is consistent with the intent of the regulations; (2) documents to customers participating in the Program “that their contributions are making a difference in the growth, development and use of renewable energy resources,” (3) assures that Program suppliers are treated consistently with competitive suppliers providing renewable energy; and (4) is necessary to ensure that the Program

⁸ To qualify as a GreenUp Program renewable energy certificate, a NE-GIS certificate must be designated as compliant with (1) Massachusetts Renewable Energy Portfolio Standards, and/or (2) the New England specific Green-e standards for renewable resources (Terms and Conditions at 3).

suppliers perform under their contracts with their retail customers (id. at 6-8).

III. ANALYSIS AND FINDINGS

The Department addresses below: (1) whether the GreenUp Program is consistent with the directives from D.T.E. 02-40-B regarding "green products"; and (2) MECo's request for an exception from certain provisions of the Department's Information Disclosure Requirements contained in 220 C.M.R. § 11.06. In D.T.E. 02-40-B at 46, the Department stated that "a distribution company that seeks to provide a "green" product to its default service (and standard offer service) customers may submit a specific proposal to the Department for our review. Such proposal must clearly demonstrate that providing such a product is compatible with the development of competitive options for the customer classes to which the product would be available." This is consistent with the Department's statutory obligation to require distribution companies to "accommodate retail access to generation services and choice of suppliers by retail customers." G.L. c. 164, §§ 1A, 1F.

For the reasons discussed below, the Department concludes the GreenUp Program is compatible with the development of competitive options for the applicable customer classes. First, the Program is available only to residential and small C&I customer that receive standard offer or default service from MECo. As the Department stated in D.T.E. 02-40-B at 46:

there are few competitive options for residential and small C&I customers, as evidenced by the fact that almost all residential and small C&I customers receive standard offer service or default service. In carrying out Legislative policy, the Department has created the basic framework for a market for these smaller customers, all of whom are free to choose competitive alternatives to standard offer service and default service, but we must be cognizant of the significantly different pace at which a competitive market is developing for smaller customers.

It is possible that limited competitive options will be available to these customers, "at least for the first few years after the end of the [standard offer] transition period." Id. Thus, during the near-term, the ability to purchase green products through the GreenUp Program may represent the only competitive option that will be available to residential and small C&I customers. The Department concurs with assertion by MECo and the signatories to the Joint Memorandum that the implementation of the Program should assist in the development of a competitive market for these customers, because it will introduce them to the concept of choice.

Second, the provision in the GreenUp Program that allows a customer to leave the program at any time ensures that participation in the Program does not limit a customer's ability to leave standard offer or default service and switch to a competitive generation

supplier. Third, the provision in the Program that calls for it to terminate when 20 percent of residential customers move to competitive supply ensures that, at such time that competitive options develop for smaller customers, the competitive market, and not distribution companies, will deliver "green" product offerings to customers. Finally, Program suppliers will be subject to similar regulatory requirements associated with licensing, information disclosure, and electronic data transfer as are competitive generation suppliers. This has two benefits in that these suppliers (1) will incur similar costs in meeting these requirements as generation suppliers, and (2) will be well-prepared to transition to generation suppliers at a future date. Therefore, the Department concludes that MECo has sufficiently demonstrated that the GreenUp Program is compatible with the development of competitive options for the residential and small C&I customer classes.

We next consider MECo's request for an exemption from certain provisions of 220 C.M.R. § 11.06, in order to implement a new protocol by which GreenUp Program suppliers will prepare and issue the information disclosure labels to customers participating in the Program. The Department may, for good cause shown, grant an exemption to any provision of 220 C.M.R. § 11.00 et. seq. 220 C.M.R. § 11.08. The Department concludes that allowing Program suppliers to prepare and issue information environmental disclosure labels is in the public interest because it will (1) accurately document to customers the renewable product they are purchasing through participation in the Program, and (2) signify to customers that the product they are receiving is being provided by a Program supplier, and not MECo. Accordingly, we find MECo has demonstrated good cause and hereby grant the Company's request for an exception on this matter. With respect to the use of NE-GIS data as the basis for Program suppliers' information disclosure labels, the Department recently opened an inquiry, New England Generation Information System D.T.E. 03-62, into this very issue. The manner in which Program suppliers would use NE-GIS data is similar to the proposal included in D.T.E. 03-62. The Department finds it appropriate to allow Program suppliers to use NE-GIS data as proposed in the Terms and Conditions, until such time that the Department finalizes its policy guidelines in D.T.E. 03-62.

Accordingly, the Department approves the Terms and Conditions for GreenUp Service,
M.D.T.E. No. 1067-A.

By Order of the Department,

Paul B. Vasington, Chairman

James Connelly, Commissioner

W. Robert Keating, Commissioner

Eugene J. Sullivan, Jr., Commissioner

Deirdre K. Manning, Commissioner

cc: Mary Cottrell, Secretary
Joseph Rogers, Attorney General's Office
Signatories to the Memorandum of Support

00088

From: "Gundal, Frank" <Frank_Gundal@nstaronline.com>
To: "Angley, Ellen" <Ellen_Angley@nstaronline.com>, "Barsamian, Peter" <Peter_Barsamian@nstaronline.com>, "Chiara, Stephen" <Stephen_Chiara@nstaronline.com>, "Conner, Penelope" <Penelope_Conner@nstaronline.com>, "Cunningham, Gary" <Gary_Cunningham@nstaronline.com>, "Lyford, Richard" <Richard_Lyford@nstaronline.com>, "Martin, Robert" <Robert_Martin@nstaronline.com>, "Milton, John" <John_Milton@nstaronline.com>, "Razzaboni, James" <James_Razzaboni@nstaronline.com>, "Reed, Mark" <Mark_Reed@nstaronline.com>, "Thompson, George" <George_Thompson@nstaronline.com>
Copies to: "'lbrownma@attbi.com'" <lbrownma@attbi.com>
Subject: FW: Federal Tax Deduction
Date sent: Wed, 16 Jul 2003 15:10:15 -0500

-----Original Message-----

From: Jason Gifford [mailto:gifford@masstech.org]

Sent: Wednesday, July 16, 2003 4:00 PM

To: 'Gundal, Frank'

Subject: Federal Tax Deduction

Hi Frank:

When implemented, the tax deduction under the MTC's MA Cleaner Energy Choice (MCEC) Program would be a Federal Tax Deduction. There would be no state tax deduction.

The private letter ruling from the IRS is available on our website, if you are so inclined. Great bedtime reading...

<http://www.mtpc.org/RenewableEnergy/irs.htm>

Regards,

Jason

-----Original Message-----

From: Gundal, Frank [mailto:Frank_Gundal@nstaronline.com]

Sent: Wednesday, July 16, 2003 3:50 PM

To: 'Jason Gifford'

Subject: RE: Directions to Focus on Boston/Waltham & other logistics

Jason,

In one of your attachments sent to Lisa Brown, it referenced a Federal Tax Deduction. As I understand it, the tax deduction for the Green power would only be for the State. Please confirm.

FG

-----Original Message-----

From: Jason Gifford [mailto:gifford@masstech.org]

Sent: Wednesday, July 16, 2003 11:05 AM

To: 'Gundal, Frank'

00089

Subject: RE: Directions to Focus on Boston/Waltham & other logistics

Yes. I'm realizing that it is my fault you haven't heard from her. I need to give her the OK...

I'll do that now and tell her you already know she wishes to attend.

-----Original Message-----

From: Gundal, Frank [mailto:Frank_Gundal@nstaronline.com]

Sent: Wednesday, July 16, 2003 11:03 AM

To: 'Jason Gifford'

Subject: RE: Directions to Focus on Boston/Waltham & other logistics

I haven't heard back from Liz. Did she want to attend?

-----Original Message-----

From: Jason Gifford [mailto:gifford@masstech.org]

Sent: Wednesday, July 16, 2003 10:58 AM

To: 'Gundal, Frank'

Subject: RE: Directions to Focus on Boston/Waltham & other logistics

I understand the complexity and challenge. You have an unenviable task. I know there are down-side risks and reasons for delaying roll-out and am happy to hear from you and discuss any of them.

Please let me know if Liz Hicks and I can do anything in particular in anticipation of the focus group.

Cheers,

Jason

Jason S. Gifford

Massachusetts Renewable Energy Trust

75 North Drive

Westborough, MA 01581

(508) 870-0312 x212

gifford@masstech.org

-----Original Message-----

From: Gundal, Frank [mailto:Frank_Gundal@nstaronline.com]

Sent: Wednesday, July 16, 2003 10:40 AM

To: 'Jason Gifford'

Subject: RE: Directions to Focus on Boston/Waltham & other logistics

I'll put you down. As for 1/1/04 starting date, we would like to get this rolled out as soon as possible. Once the focus groups have been completed we should be able to get a firmer grip on the timeline. Thanks for your input.

FG

-----Original Message-----

00090

From: Jason Gifford [mailto:gifford@masstech.org]
Sent: Tuesday, July 15, 2003 10:57 AM
To: 'Gundal, Frank'
Cc: Fran Cummings; 'Hicks, Liz'
Subject: RE: Directions to Focus on Boston/Waltham & other logistics

Frank:

I would like to sit in if you are amenable. Thank you for the invitation.

Regarding the program start date, it has become clear in various DTE and other meetings that all parties look favorably on the idea of having any program run for at least a year before the Standard Offer period ends. This is anecdotal, but worth passing on nonetheless.

Also, as you are likely aware, the NGrid GreenUp program was approved yesterday. The letter ruling will be available shortly.

Regards,
Jason

Jason S. Gifford
Massachusetts Renewable Energy Trust
75 North Drive
Westborough, MA 01581
(508) 870-0312 x212
gifford@masstech.org

-----Original Message-----

From: Gundal, Frank [mailto:Frank_Gundal@nstaronline.com]
Sent: Monday, July 14, 2003 2:31 PM
To: Connelly, Paul; Lehman, Dena; Anglely, Ellen; Barsamian, Peter; Chiara, Stephen; Conner, Penelope; Cunningham, Gary; Lyford, Richard; Martin, Robert; Milton, John; Razzaboni, James; Reed, Mark; Thompson, George
Cc: 'lhicks@kema-xenergy.com'; 'gifford@masstech.org'
Subject: FW: Directions to Focus on Boston/Waltham & other logistics

Folks,

Please RSVP if you would like to attend. This is for 7/22 6:00 pm to ~10:00 pm.

Frank

00091

-----Original Message-----

From: Lisa Brown [mailto:lbrownma@comcast.net]

Sent: Monday, July 14, 2003 10:38 AM

To: 'Gundal, Frank'

Subject: Directions to Focus on Boston/Waltham & other logistics

Frank,

Attached are directions to the facility. Please let me know the list of attendees. Also, please let me know whether you want to pre-order a meal for the back room (for dinner) or whether you want to just order from the menus when you're there. Also, please ask any NSTAR people that when they arrive for the groups to just say they are there "to observe the groups" instead of announcing that they're from NSTAR. (They will be escorted to the back room.) Even though we haven't made the study "blind", I still think it's better to keep it somewhat "quiet" in front of respondents.

Thanks!

Lisa

-----Original Message-----

From: Gundal, Frank [mailto:Frank_Gundal@nstaronline.com]

Sent: Monday, July 14, 2003 8:55 AM

To: 'Lisa Brown'

Subject: RE: Revised Discussion guide and respondent handouts

Do you have directions to the focus group?

-----Original Message-----

From: Lisa Brown [mailto:lbrownma@comcast.net]

Sent: Monday, July 14, 2003 9:43 AM

To: 'Gundal, Frank'

Cc: peter_barsamian@nstaronline.com

Subject: Revised Discussion guide and respondent handouts

Hello!

00092

I hope you each had a nice vacation. Attached you'll find the revised discussion guide for the focus groups next week. I've also printed up the respondent handouts (what the participants will be given to read and any written questions they'll be given)--the second file attached. Please note the following on the

discussion guide:

- I changed the order a bit from the previous version of the discussion guide. Specifically, I moved any questions regarding pricing further forward, just after the initial presentation of NSTAR's Green Power concept. The concept seemed to beg the question "how much does it cost?", so it made sense to get to that issue sooner. As you'll see, I still ask for respondents' impressions of the concept before I present the pricing options, however. I think the overall order seems to flow better now, but let me know if you have any questions.

- Additions: I expanded the pricing section to discuss the 3 pricing options, as we discussed. Also, I found a good "consumer friendly" explanation of the green certificates in that International Green Power Report you sent. Please review and let me know if it looks OK. Frank, also please let me know if you want to present a "mock" green certificate. I've included that in the guide in case you do.

- Timing: The guide is running about 15 minutes too long, given the expanded pricing section (with the multiple pricing options) and the expanded green certificate section. Also, the addition of the probes of specific green power sources (ex. wind farm off Cape Cod, proposed windmills on Boston Harbor Island, etc.) could easily add 15 minutes. Please review the guide and let's discuss how to prioritize. If there are any "would be nice to know, but secondary" questions, please let me know. (By the way, I can take you through how I timed each section if you'd like to see how it's timing--i.e, how I'm timing at 2 1/4 hours.)

- A few remaining questions:

- I need confirmation of the average monthly bill for the pricing section (we had discussed \$65-70, but is that confirmed?)

- On the environmental advocate section, is it "Green Mountain Power" or "Green Mountain Energy"?

Finally, you'll note on the handouts that I shortened the definitions slightly for the Green Power sources (pages 2-3 of the handouts). I cut a bit out in order to make them a bit more consumer friendly and in the interest of time. Please take a look and make sure you're OK with them as they read. Thanks. (I also streamlined the questions in this section, to get to the NSTAR concept sooner.)

Let's discuss at your convenience.

00033

Thanks,

Lisa

Lisa C. Brown
Brown Marketing Research
21 Tubwreck Drive
Medfield, MA 02052
phone: (508) 359-1069
fax: (508) 359-1065
email: lbrownma@attbi.com

Please make sure you are familiar with the NSTAR Information Systems
Acceptable Use Policy.

This email and any files transmitted with it are confidential and
intended solely for the use of the individual or entity to whom they
are addressed. If you have received this email in error please notify
the system manager.

This email and any files transmitted with it are confidential and
intended solely for the use of the individual or entity to whom they
are addressed. If you have received this email in error please notify
the system manager.

This email and any files transmitted with it are confidential and
intended solely for the use of the individual or entity to whom they
are addressed. If you have received this email in error please notify
the system manager.

00094

This email and any files transmitted with it are confidential and
intended solely for the use of the individual or entity to whom they
are addressed. If you have received this email in error please notify
the system manager.

This email and any files transmitted with it are confidential and
intended solely for the use of the individual or entity to whom they
are addressed. If you have received this email in error please notify
the system manager.

00095

From: "Gundal, Frank" <Frank_Gundal@nstaronline.com>
To: "Angley, Ellen" <Ellen_Angley@nstaronline.com>, "Barsamian, Peter"
<Peter_Barsamian@nstaronline.com>, "Chiara, Stephen"
<Stephen_Chiara@nstaronline.com>, "Conner, Penelope"
<Penelope_Conner@nstaronline.com>, "Cunningham, Gary"
<Gary_Cunningham@nstaronline.com>, "Lyford, Richard"
<Richard_Lyford@nstaronline.com>, "Martin, Robert"
<Robert_Martin@nstaronline.com>, "Milton, John"
<John_Milton@nstaronline.com>, "Razzaboni, James"
<James_Razzaboni@nstaronline.com>, "Reed, Mark"
<Mark_Reed@nstaronline.com>, "Thompson, George"
<George_Thompson@nstaronline.com>
Copies to: "'lbrownma@attbi.com'" <lbrownma@attbi.com>
Subject: FW: Revised Discussion guide and respondent handouts
Date sent: Wed, 16 Jul 2003 15:09:26 -0500

Folks,

We are 15 minutes too long on the discussion. A large part of this is the Green Tags. In our last meeting we had talked about leaving it in in order to confirm our decision (possibly to outside stakeholders) not to take this route. Since we don't have the time though, I'd suggest we just drop it.

Please review and if you have any comments please get back to me by noon Friday.

For the focus group next week I have the following RSVP'd

Attendees

Frank Gundal NSTAR
Jim Razzaboni NSTAR
Margaret NSTAR
Norton
Dana Lehman NSTAR
Jason Gifford MTC
Liz Hicks Kema/Xenergy

-----Original Message-----

From: Lisa Brown [mailto:lbrownma@comcast.net]
Sent: Monday, July 14, 2003 9:43 AM
To: 'Gundal, Frank'
Cc: peter_barsamian@nstaronline.com
Subject: Revised Discussion guide and respondent handouts

Hello!

I hope you each had a nice vacation. Attached you'll find the revised discussion guide for the focus groups next week. I've also printed up the respondent handouts (what the participants will be given to read and any written questions they'll be given)--the second file attached. Please note the following on the discussion guide:

- I changed the order a bit from the previous version of the discussion guide. Specifically, I moved any questions regarding pricing further forward, just after the initial presentation of NSTAR's Green Power concept. The concept seemed to beg the question "how much does it cost?", so it made sense to get to that issue sooner. As you'll see, I still ask for respondents' impressions of the concept before I present the pricing options, however. I think the overall order seems to flow better now, but let me know if you have any questions.

- Additions: I expanded the pricing section to discuss the 3 pricing options, as we discussed. Also, I found a good "consumer friendly" explanation of the green certificates in that International Green Power Report you sent. Please review and let me know if it looks OK. Frank, also please let me know if you want to present a "mock" green certificate. I've included that in the guide in case you do.

- Timing: The guide is running about 15 minutes too long, given the expanded pricing section (with the multiple pricing options) and the expanded green certificate section. Also, the addition of the probes of specific green power sources (ex. wind farm off Cape Cod, proposed windmills on Boston Harbor Island, etc.) could easily add 15 minutes. Please review the guide and let's discuss how to prioritize. If there are any "would be nice to know, but secondary" questions, please let me know. (By the way, I can take you through how I timed each section if you'd like to see how it's timing--i.e, how I'm timing at 2 1/4 hours.)

- A few remaining questions:

- I need confirmation of the average monthly bill for the pricing section (we had discussed \$65-70, but is that confirmed?)

- On the environmental advocate section, is it "Green Mountain Power" or "Green Mountain Energy"?

Finally, you'll note on the handouts that I shortened the definitions slightly for the Green Power sources (pages 2-3 of the handouts). I cut a bit out in order to make them a bit more consumer friendly and in the interest of time. Please take a look and make sure you're OK with them as they read. Thanks. (I also streamlined the questions in this section, to get to the NSTAR concept sooner.)

Let's discuss at your convenience.

Thanks,

Lisa

Lisa C. Brown
Brown Marketing Research
21 Tubwreck Drive
Medfield, MA 02052
phone: (508) 359-1069
fax: (508) 359-1065
email: lbrownma@attbi.com

Please make sure you are familiar with the NSTAR Information Systems Acceptable Use Policy.

00097

"GREEN POWER" FOCUS GROUPS
JULY 22, 2003

DISCUSSION GUIDE- REVISED

I. Introduction

- A. Introduction of moderator
- B. Purpose of discussion: To discuss your opinions about "green" power
- C. Rules:
 - 1. Be totally honest; no right/wrong answers
 - 2. Give your own opinions, not the opinions of "most people"
 - 3. Feel free to disagree if you have a differing opinion; interaction in group is important
- D. Mention of microphone, recording, mirror
- E. Introduction of respondents/brief warm up:
 - 1. Name and town of residence
 - 2. Who else in household
 - 3. Favorite hobby

II. General Awareness/Understanding of "Green Power"

- A. (Unaided first): When you hear the term "green power" as it relates to energy or electricity, what do you think that term means? (write "green power" on easel and get group to first give their own definitions)
 - What sources of "green power" come to mind? (create list)
 - How about the term "renewable energy"? What does that term mean to you?

B. (Aided definition—hand out and read aloud):

Green Power is typically described as electricity created from renewable energy sources that have a relatively low impact on the environment. Examples include wind energy, solar energy, energy generated from plant material such as wood chips, or gas recovered from closed landfills. Green Power sources are continuously and sustainably available in the environment and are non-polluting and emission-free.

(Have respondents write down impressions individually before discussing as a group. Ask respondents to circle any words or phrases that are particularly appealing, cross out anything they find unappealing and put a question mark next to anything that is confusing or difficult to understand. Note top of mind impressions and favorability ratings on handout.)

- What is your top of mind impression of this idea?
- How favorable/unfavorable (written first, then by show of hands):
 - Very favorable, Somewhat favorable, Somewhat unfavorable, Very unfavorable?
 - Why/Why not?
- Do you view Green Power as preferable to electricity that is derived from conventional sources like oil or gas? Why/why not?
- By a show of hands, how many of you would say you are in favor of increasing the use of Green Power? Why/why not? What do you think are the advantages?
 - What are the end benefits to you/your family? to society?
 - Any disadvantages?

III. Awareness/Perceptions of Various Sources of Green Power

A. Awareness/Familiarity of sources of Green Power: Before we met today, by a show of hands, how many of you had heard of each of the following sources of Green Power:

- Wind power
- Solar power
- Plant/biomass
- Landfill gas

B. Perceptions of Sources of Green Power: Hand out written definitions of each of the four sources to be discussed (wind, solar, plant/biomass and landfill gas) and read aloud.

1. How favorable an impression do you have of each source of Green Power?

- Very Favorable, Somewhat Favorable, Somewhat Unfavorable or Very Unfavorable (Circle one response for each source on handout.)

2. Discuss perceived advantages (and/or disadvantages) of each as a group.

- Wind power
- Solar power
- Plant/biomass
- Landfill gas

IV. Discussion of NSTAR's Green Power Concept

When you were called to participate in this group, you were asked if you were a customer of NSTAR Electric. NSTAR would like to get your feedback about a new service idea. (Hand out concept/read aloud. Circle words or phrases that are appealing; cross out words or phrases that are unappealing. Mark any questions.)

Product Concept:

NSTAR Electric is considering offering Green Power as an optional service. NSTAR would offer its customers the choice of electricity that is created by renewable sources, such as those we discussed before. By choosing this product, NSTAR customers would be able to increase the Green Power used to generate the electricity they use. In doing so, they will help the local environment by reducing emissions and reducing our dependence on natural resources.

Customers would begin purchasing Green Power by specifying an option on their electric bill. The Green purchase would begin on the following bill cycle. Choosing Green Power in no way changes the reliability or quality of a customer's electric service.

A. Based on what we've discussed so far, how interested would you be in participating in such a Green Power Program?

- Very Interested, Somewhat Interested, Somewhat Uninterested, Not at all Interested
- Why?/Why not?

B. Discuss top of mind impressions.

C. Would you be willing to pay more for electricity purchased from "green" sources?

By a show of hands, how many would be willing to pay a premium for electricity